

STAFF REPORT

To: City Council Finance Committee Date: 10/24/14

From: Sam Powers, Director of Economic Development

Prepared by: Chris Corl, General Manager, U.S. Cellular Center

| CC: Gary Jackson, City Manager

Subject: Disposition of Surplus Property; Ice Making & Related Equipment

OVERVIEW:

In 2010 as the then Civic Center began a renovation process, it was determined that existing ice making and related equipment would no longer be used. Staff began a surplus property disposition process. A non-profit group, Asheville Hockey League, approached the city about buying the equipment, retaining it, constructing a facility to house the ice rink and making it available for public use. Related staff report attached dated December 14, 2010.

Staff researched the ability to sell property valued at \$30,000 or more by private negotiation or sale instead of selling to a 'highest bidder.' Staff had previously determined a value of the ice related equipment at \$100,000. Staff determined that per GS 160A-279 a City may dispose of property by private sale to a non-profit agency which is carrying out a public purpose.

City council approved selling the equipment to the non-profit at a rate substantially below fair market value, at \$15,000 with the stipulation that the group had three years to complete the project. Related staff report attached dated February 22, 2011.

The three year term has expired; the group unfortunately has made no progress in building a venue for the ice equipment and has approached the city about repossession of the equipment. Unfortunately the group subleased some of the equipment to an organization out of state where it is currently located. The remainder of the equipment is currently being stored in three separate locations throughout the Asheville area. The non-profit is currently paying \$650 plus tax monthly rental for two of the eight storage trailers. The remaining trailers are currently owned & stored at locations of Asheville Hockey League supporters and it is unknown at this time if the free rent/storage costs will be extended to the City after ownership transfer.

REVERSION:

The purchase agreement dated May, 2011 (attached) states in section 3 of Terms and Conditions: " Buyer hereby agrees that if the ice rink is not operational and open to the public within the three year time period as described above, the City shall have the right to require the Buyer to return the ice rink and equipment to the ownership of the City. The terms of the reversion will be at the sole discretion of the City. Buyer agrees that it will be responsible for any costs associated with dismantling, removal and return of the equipment back to the City."

The non-profit has indicated that they will soon be looking for the City to cover the cost of the monthly rental or to provide a location to transfer the equipment to and

store. Storage space for the equipment is unavailable at the US Cellular Center and will be an unbudgeted expenditure at another location.

SAFF RECCOMENDATION:

Staff believes that the extenuating circumstances, the inability to affectively retrieve the equipment and the lack of storage space necessitate expediting the disposition process. The City purchasing department has agreed with the assessment of moving forward quickly with surplus sale process.

Attachments:

- (1) Staff Report Dated February 22, 2011
- (2) Staff Report & Resolution Dated December 14, 2010
- (3) Fully executed Purchase Agreement between City of Asheville & Asheville Hockey League dated May 13, 2011